

NSC BRIEFING

13 October 1960

ARGENTINA

- I. The Argentine crisis and implicit threat to economic recovery under the US-backed stabilization plan will remain unsettled.
 - A. Speaking with full army backing, army commander-in chief General Toranzo Montero gave Frondizi a virtual ultimatum on 11 October that the army would remove him if he did not dismiss some of his advisers and modify and clarify some of his policies. (Navy and air force neutral)
 - B. Appeared for a while yesterday that crisis was eased by 1) conferences, 2) Frondizi's nationwide radio appeal for constitutionality, saying he would accept suggestions but would make all decisions within his constitutional authority, and 3) Toranzo Montero's subsequent speech that "satisfactory solutions" were being found.
 - C. However, when some army officials complained to Toranzo Montero that little appeared changed, he returned to Frondizi, who fired him.
 - D. There is still possibility that Toranzo Montero's supporters may try to force the reinstatement of Toranzo, who has proven his control of the army on two previous occasions.
- II. The wide variety of army demands grew mainly out of the complex of economic and political problems inherited from years of dictatorship and from some nationalistic concern over extending private investment in areas formerly dominated by the government.

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- A. Army demands center on the removal from influence of Frondizi's unofficial adviser, Rogelio Frigerio, who advocates wooing Peronista support away from Peron, and a modification of petroleum policies.
 - B. Army mistrusts Frigerio's economic advice as well as his possible deals with Peronista leaders to ease Frondizi's political difficulties through 1964 and to promote his own political ambitions in the future.
 - C. Frondizi's petroleum policy of contracting foreign companies--mainly US--to aid in developing oil resources and his reducing funds for the state oil company have aroused fears of graft and a sell-out to foreigners.
- III. Frondizi's skill in negotiating a reconciliation of his policies with the army demands will determine the continuance of his regime and his policies.
- A. His stabilization and petroleum policies, which have cost him his political popularity, have been considered models for Latin America.
 - B. His failure to win this battle would not only set back Argentina's economic recovery but encourage Peronista and Communist subversion.

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